

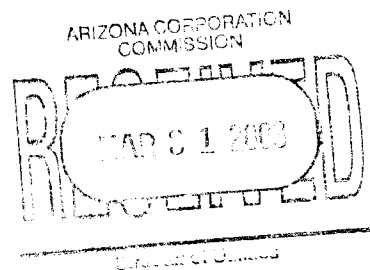
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

A

WS-01025A
Ajo Improvement Company - Water Division
P. O. Drawer 9
Ajo AZ 853210000

ANNUAL REPORT



FOR YEAR ENDING

| | | |
|-----------|-----------|-------------|
| 12 | 31 | 2002 |
|-----------|-----------|-------------|

FOR COMMISSION USE

| | |
|--------|----|
| ANN 04 | 02 |
|--------|----|

Handwritten notes:
3/11/03
3/11/03
2002 improvement
did uplaude
(11/11)

COMPANY INFORMATION

| | | |
|--|-----------------------------|------------------------------------|
| Company Name (Business Name) <u>Ajo Improvement Company</u> | | |
| Mailing Address <u>Post Office Drawer 9</u> | | |
| (Street) | | |
| <u>Ajo</u> | <u>Arizona</u> | <u>85321</u> |
| (City) | (State) | (Zip) |
| <u>(520) 387-7151</u> | <u>(520) 387-7627</u> | |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) |
| Email Address <u>rmsmith@phelpsdodge.com</u> | | |
| Local Office Mailing Address <u>same as above</u> | | |
| (Street) | | |
| (City) | (State) | (Zip) |
| Local Office Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) |
| Email Address _____ | | |

MANAGEMENT INFORMATION

| | | | |
|--|-----------------------------|------------------------------------|--------------|
| Management Contact: <u>Fred J. Menzer</u> <u>Vice-President</u> | | | |
| (Name) | | (Title) | |
| <u>One North Central Avenue</u> | <u>Phoenix</u> | <u>Arizona</u> | <u>85004</u> |
| (Street) | (City) | (State) | (Zip) |
| <u>(602) 366-8100</u> | <u>(602) 366-7322</u> | | |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) | |
| Email Address <u>fmenzer@phelpsdodge.com</u> | | | |
| On Site Manager: <u>Same as Above</u> | | | |
| (Name) | | | |
| (Street) | (City) | (State) | (Zip) |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) | |
| Email Address _____ | | | |

Statutory Agent: CT Corporation

(Name)

3225 North Central Avenue

(Street)

Phoenix

(City)

AZ

(State)

85004

(Zip)

(602) 277-4792

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: S. David Colton

(Name)

One North Central Avenue

(Street)

Phoenix

(City)

AZ

(State)

85004

(Zip)

(602) 366-8143

Telephone No. (Include Area Code)

(602) 366-7321

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ **Sole Proprietor (S)**

☒ **C Corporation (C) (Other than Association/Co-op)**

☐ **Partnership (P)**

☐ **Subchapter S Corporation (Z)**

☐ **Bankruptcy (B)**

☐ **Association/Co op (A)**

☐ **Receivership (R)**

☐ **Limited Liability Company**

☐ **Other (Describe)** _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ **APACHE**

☐ **COCHISE**

☐ **COCONINO**

☐ **GILA**

☐ **GRAHAM**

☐ **GREENLEE**

☐ **LA PAZ**

☐ **MARICOPA**

☐ **MOHAVE**

☐ **NAVAJO**

☒ **PIMA**

☐ **PINAL**

☐ **SANTA CRUZ**

☐ **YAVAPAI**

☐ **YUMA**

☐ **STATEWIDE**

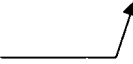
COMPANY NAME

Ajo Improvement Company

UTILITY PLANT IN SERVICE

| Acct. No. | DESCRIPTION | Original Cost (OC) | Accumulated Depreciation (AD) | O.C.L.D. (OC less AD) |
|--------------|---|-----------------------|-------------------------------------|--------------------------|
| 301 | Organization | | | |
| 302 | Franchises | | | |
| 303 | Land and Land Rights | | | |
| 304 | Structures and Improvements | | | |
| 307 | Wells and Springs | | | |
| 311 | Pumping Equipment | | | |
| 320 | Water Treatment Equipment | 644,369 | 621,188 | 23,181 |
| 330 | Distribution Reservoirs and Standpipes | 194,594 | 177,953 | 16,641 |
| 331 | Transmission and Distribution Mains | 487,756 | 473,014 | 14,742 |
| 333 | Services | 72,768 | 72,768 | -0- |
| 334 | Meters and Meter Installations | 25,265 | 25,265 | -0- |
| 335 | Hydrants | 23,555 | 23,555 | -0- |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | | | |
| 340 | Office Furniture and Equipment | 1,348 | 225 | 1,123 |
| 341 | Transportation Equipment | 27,487 | 27,487 | -0- |
| 343 | Tools, Shop and Garage Equipment | | | |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | | | |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | | | |
| | TOTALS | 1,477,142 | 1,421,455 | 55,687 |

This amount goes on the Balance Sheet Acct. No. 108



CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

| Acct. No. | DESCRIPTION | Original Cost (1) | Depreciation Percentage (2) | Depreciation Expense (1x2) |
|----------------------|--|------------------------------|--|---|
| 301 | Organization | | | |
| 302 | Franchises | | | |
| 303 | Land and Land Rights | | | |
| 304 | Structures and Improvements | | | |
| 307 | Wells and Springs | | | |
| 311 | Pumping Equipment | | | |
| 320 | Water Treatment Equipment | 644,369 | 3.3873 | 21,826 |
| 330 | Distribution Reservoirs and Standpipes | 194,594 | .7045 | 1,371 |
| 331 | Transmission and Distribution Mains | 487,756 | 1.0054 | 4,904 |
| 333 | Services | 72,768 | | -0- |
| 334 | Meters and Meter Installations | 25,265 | | -0- |
| 335 | Hydrants | 23,555 | | -0- |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | | | |
| 340 | Office Furniture and Equipment | 1,348 | 16.6914 | 225 |
| 341 | Transportation Equipment | 27,487 | | -0- |
| 343 | Tools, Shop and Garage Equipment | | | |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | | | |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | | | |
| | TOTALS | 1,477,142 | | 28,326 |

This amount goes on Comparative Statement of Income and Expense _____
Acct. No. 403.

BALANCE SHEET

| Acct. No. | | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|--------------|---|------------------------------------|------------------------------|
| | ASSETS | | |
| | CURRENT AND ACCRUED ASSETS | | |
| 131 | Cash | \$ 150,172 | \$ 124,204 |
| 134 | Working Funds | | |
| 135 | Temporary Cash Investments | | |
| 141 | Customer Accounts Receivable | 1,232,003 | 1,236,402 |
| 146 | Notes/Receivables from Associated Companies | -0- | 401,297 |
| 151 | Plant Material and Supplies | 2,931 | 2,226 |
| 162 | Prepayments | | |
| 174 | Miscellaneous Current and Accrued Assets | | |
| | TOTAL CURRENT AND ACCRUED ASSETS | \$ 1,385,106 | \$ 1,764,129 |
| | FIXED ASSETS | | |
| 101 | Utility Plant in Service | \$ 3,233,231 | \$ 3,443,178 |
| 103 | Property Held for Future Use | | |
| 105 | Construction Work in Progress | 1,798,737 | -0- |
| 108 | Accumulated Depreciation – Utility Plant | (2,326,009) | (2,378,634) |
| 121 | Non-Utility Property | | |
| 122 | Accumulated Depreciation – Non Utility | | |
| | TOTAL FIXED ASSETS | \$ 2,705,960 | \$ 1,064,544 |
| | TOTAL ASSETS | \$ 4,091,065 | \$ 2,828,673 |

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

*All Amounts Represent the 3 Departments: Electric, Water and Sewer

BALANCE SHEET (CONTINUED)

| Acct. No. | | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|--------------|---|------------------------------------|------------------------------|
| | LIABILITIES | | |
| | CURRENT LIABILITES | | |
| 231 | Accounts Payable | \$ 1,247,296 | \$ 1,457,311 |
| 232 | Notes Payable (Current Portion) | | |
| 234 | Notes/Accounts Payable to Associated Companies | -0- | (8,110) |
| 235 | Customer Deposits | | |
| 236 | Accrued Taxes | 17,216 | 25,609 |
| 237 | Accrued Interest | | |
| 241 | Miscellaneous Current and Accrued Liabilities | -0- | (743) |
| | TOTAL CURRENT LIABILITIES | \$ 1,264,512 | \$ 1,474,067 |
| | LONG-TERM DEBT (Over 12 Months) | | |
| 224 | Long-Term Notes and Bonds | \$ 311,963 | \$ 311,963 |
| | DEFERRED CREDITS | | |
| 251 | Unamortized Premium on Debt | \$ | \$ |
| 252 | Advances in Aid of Construction | | |
| 255 | Accumulated Deferred Investment Tax Credits | | |
| 271 | Contributions in Aid of Construction | | |
| 272 | Less: Amortization of Contributions | | |
| 281 | Accumulated Deferred Income Tax | (212,631) | (212,631) |
| | TOTAL DEFERRED CREDITS | \$ (212,631) | \$ (212,631) |
| | TOTAL LIABILITIES | \$ 1,363,844 | \$ 1,573,399 |
| | CAPITAL ACCOUNTS | | |
| 201 | Common Stock Issued | \$ 392,000 | \$ 392,000 |
| 211 | Paid in Capital in Excess of Par Value | 3,144,546 | 3,144,546 |
| 215 | Retained Earnings | (848,824) | (2,454,012) |
| 218 | Proprietary Capital (Sole Props and Partnerships) | 39,499 | 172,740 |
| | TOTAL CAPITAL | \$ 2,727,221 | \$ 1,255,274 |
| | TOTAL LIABILITIES AND CAPITAL | \$ 4,091,065 | \$ 2,828,673 |

*All Amounts Represent the 3 Departments: Electric, Water and Sewer

COMPARATIVE STATEMENT OF INCOME AND EXPENSE *

| Acct. No. | OPERATING REVENUES | PRIOR YEAR | CURRENT YEAR |
|------------------|---|-------------------|---------------------|
| 461 | Metered Water Revenue | \$ 636,099 | \$ 659,374 |
| 460 | Unmetered Water Revenue | | |
| 474 | Other Water Revenues | | |
| | TOTAL REVENUES | \$ 636,099 | \$ 659,374 |
| | | | |
| | OPERATING EXPENSES | | |
| 601 | Salaries and Wages | \$ 23,566 | \$ 28,167 |
| 610 | Purchased Water | 543,133 | 548,982 |
| 615 | Purchased Power | | |
| 618 | Chemicals | | |
| 620 | Repairs and Maintenance | | |
| 621 | Office Supplies and Expense | 14,937 | 16,033 |
| 630 | Outside Services | 72,498 | 85,787 |
| 635 | Water Testing | | |
| 641 | Rents | 1,250 | 1,200 |
| 650 | Transportation Expenses | -0- | 114 |
| 657 | Insurance – General Liability | | |
| 659 | Insurance - Health and Life | 12,821 | 18,740 |
| 666 | Regulatory Commission Expense – Rate Case | | |
| 675 | Miscellaneous Expense | 4,579 | 15,859 |
| 403 | Depreciation Expense | 35,774 | 28,326 |
| 408 | Taxes Other Than Income | 31,699 | 29,891 |
| 408.11 | Property Taxes | 32,097 | 34,330 |
| 409 | Income Tax | | |
| | TOTAL OPERATING EXPENSES | \$ 772,354 | \$ 807,429 |
| | | | |
| | OPERATING INCOME/(LOSS) | \$ (136,255) | \$ (148,055) |
| | | | |
| | OTHER INCOME/(EXPENSE) | | |
| 419 | Interest and Dividend Income | \$ 1,713 | \$ -0- |
| 421 | Non-Utility Income | | |
| 426 | Miscellaneous Non-Utility Expenses | | |
| 427 | Interest Expense | (10,400) | (10,400) |
| | TOTAL OTHER INCOME/(EXPENSE) | \$ (8,687) | \$ (10,400) |
| | | | |
| | NET INCOME/(LOSS) | \$ (144,942) | \$ (158,455) |

*Water Department Only

COMPANY NAME Ajo Improvement Company

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

| | LOAN #1 | LOAN #2 | LOAN #3 | LOAN #4 |
|-------------------------|---|---------|---------|---------|
| Date Issued | 10-10-85 | | | |
| Source of Loan | Promissory Note | | | |
| ACC Decision No. | 54709 | | | |
| Reason for Loan | To fund facilities acquired or to be acquired from P.D. | | | |
| Dollar Amount Issued | \$ 311,963 | \$ | \$ | \$ |
| Amount Outstanding | \$ 311,963 | \$ | \$ | \$ |
| Date of Maturity | 12-31-08 | | | |
| Interest Rate | 10% | | | |
| Current Year Interest * | \$ 31,200 | \$ | \$ | \$ |
| Current Year Principle | \$ -0- | \$ | \$ | \$ |

Meter Deposit Balance at Test Year End

\$ -0-

Meter Deposits Refunded During the Test Year

\$ -0-

*Represents all 3 departments

COMPANY NAME Ajo Improvement Company

WATER COMPANY PLANT DESCRIPTION

WELLS

| ADWR ID Number* | Pump Horsepower | Pump Yield (Gpm) | Casing Depth (Feet) | Casing Diameter (Inches) | Meter Size (inches) | Year Drilled |
|--------------------|--------------------|---------------------|---------------------------|--------------------------------|------------------------|-----------------|
| NONE | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

| Name or Description | Capacity (gpm) | Gallons Purchased or Obtained (in thousands) |
|--------------------------|-------------------|---|
| Phelps Dodge Corporation | 1050 | 215,179.734 |
| | | |

| BOOSTER PUMPS | | FIRE HYDRANTS | |
|---------------|----------|-------------------|----------------|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| N/A | | 130 | -0- |
| | | | |
| | | | |
| | | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|---------------|----------|----------------|----------|
| Capacity | Quantity | Capacity | Quantity |
| 500,000 | 2 | N/A | |
| | | | |
| | | | |
| | | | |

COMPANY NAME

Ajo Improvement Company

WATER COMPANY PLANT DESCRIPTION (CONTINUED)**MAINS**

| Size (in inches) | Material | Length (in feet) | |
|------------------|--------------|------------------|-------|
| 2 | Copper | 2100 | 300 |
| 3 | Cast Iron | 1200 | 900 |
| 4 | Steel | 1200 | |
| 5 | Cast Iron | | 7600 |
| 6 | Cement Asbe | 11300 | 600 |
| 8 | Steel | 600 | 9500 |
| 10 | Cast Iron | 11400 | 13060 |
| | Ductile Iron | | |
| 12 | Cement Asbe | 3300 | |
| 12 | Ductile Iron | 3900 | |
| | | | |
| | | | |
| | | | |
| | | 66960 | |

CUSTOMER METERS

| Size (in inches) | Quantity |
|------------------|----------|
| 5/8 X 3/4 | 1073 |
| 3/4 | |
| 1 | 19 |
| 1 1/2 | 1 |
| 2 | 17 |
| Comp. 3 | |
| Turbo 3 | 7 |
| Comp. 4 | |
| Tubo 4 | 2 |
| Comp. 6 | |
| Tubo 6 | |
| | |
| | |

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

Three (3) filter vessels using Activated Alumina as a filter media.

STRUCTURES:

None

OTHER:

None

COMPANY NAME: Ajo Improvement Company

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

| MONTH | NUMBER OF CUSTOMERS | GALLONS SOLD | GALLON PUMPED (Thousands) |
|-----------|---------------------|--------------|---------------------------|
| JANUARY | 1142 | 15,111,400 | |
| FEBRUARY | 1144 | 12,723,000 | |
| MARCH | 1136 | 12,751,000 | |
| APRIL | 1136 | 18,093,300 | |
| MAY | 1126 | 20,484,300 | |
| JUNE | 1125 | 21,008,900 | |
| JULY | 1122 | 26,416,600 | |
| AUGUST | 1127 | 20,067,400 | |
| SEPTEMBER | 1124 | 18,226,300 | |
| OCTOBER | 1120 | 16,101,900 | |
| NOVEMBER | 1127 | 12,245,600 | |
| DECEMBER | 1119 | 10,371,400 | |
| TOTAL | | N/A | |

203601100 en

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (x) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (x) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. N/A mg/l

(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Ajo Improvement Company YEAR ENDING 12/31/2002

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 was: \$ 33,213.75

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME Ajo Improvement Company

YEAR ENDING 12/31/2002

INCOME TAXES

For this reporting period, provide the following:

| | |
|---|--|
| Federal Taxable Income Reported | <u>Ajo Improvement Company consolidates with</u> |
| Estimated or Actual Federal Tax Liability | <u>its parent company Phelps Dodge Corporation</u> |

| | |
|---|----------------------|
| State Taxable Income Reported | <u>Same as above</u> |
| Estimated or Actual State Tax Liability | <u></u> |

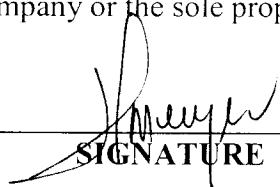
Amount of Grossed-Up Contributions/Advances:

| | |
|---|------------|
| Amount of Contributions/Advances | <u>N/A</u> |
| Amount of Gross-Up Tax Collected | <u>N/A</u> |
| Total Grossed-Up Contributions/Advances | <u>N/A</u> |

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



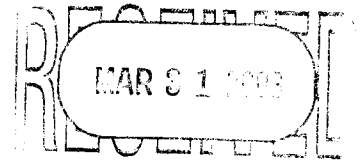
SIGNATURE

03/26/03

DATE

Fred J. Menzer**PRINTED NAME**Vice-President**TITLE**

VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only

**VERIFICATION**STATE OF Arizona

I, THE UNDERSIGNED

OF THE

| |
|---|
| COUNTY OF (COUNTY NAME) <u>Pima</u> |
| NAME (OWNER OR OFFICIAL) TITLE <u>Fred J. Menzer, Vice-President</u> |
| COMPANY NAME <u>Ajo Improvement Company</u> |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**FOR THE YEAR ENDING**

| | | |
|-----------|-----------|-------------|
| MONTH | DAY | YEAR |
| <u>12</u> | <u>31</u> | <u>2002</u> |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

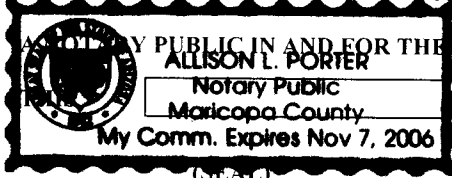
\$ 659,374

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 23,889

IN SALES TAXES BILLED, OR COLLECTED

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

Fred J. Menzer
SIGNATURE OF OWNER OR OFFICIAL
602 366 8331
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

NOTARY PUBLIC IN AND FOR THE COUNTY OF

ALLISON L. PORTER

Notary Public

Maricopa County

My Comm. Expires Nov 7, 2006

(SEAL)

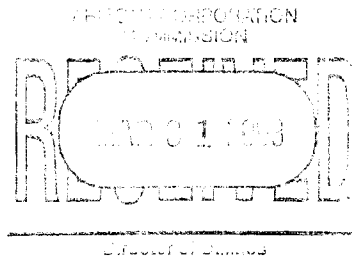
26th DAY OF

| | |
|-------------|--------------------------|
| COUNTY NAME | <u>Maricopa</u> |
| MONTH | <u>March</u> <u>2003</u> |

Allison L. Porter
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES November 7, 2006

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**



VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

| | |
|--|-------------------------|
| (COUNTY NAME) Pima | |
| NAME (OWNER OR OFFICIAL) Fred J. Menzer | TITLE Vice-President |
| COMPANY NAME Ajo Improvement Company | |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| | | |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2002 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.


SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

| |
|---|
| ARIZONA INTRASTATE GROSS OPERATING REVENUES |
| \$ 307,057 |

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 16,283
IN SALES TAXES BILLED, OR COLLECTED

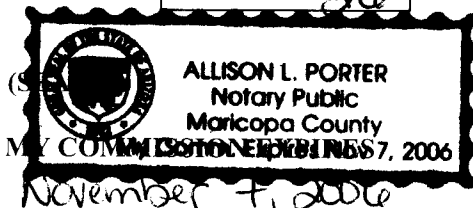
*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.


SIGNATURE OF OWNER OR OFFICIAL


SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 26th DAY OF



| | |
|---|------|
| NOTARY PUBLIC NAME Allison L. Porter | |
| COUNTY NAME Maricopa | |
| MONTH March | 2003 |


SIGNATURE OF NOTARY PUBLIC

Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

Pima County Treasurer

AJO IMPROVEMENT CO
WATER UTILITY
PO DRAWER 9
AJO AZ 85321

2001 REVISED PROPERTY TAX STATEMENT

| | |
|---------------------------------------|-----------------|
| PRIMARY PROPERTY TAX | 28349.43 |
| LESS: State Aid to Education | 0 |
| NET PRIMARY PROPERTY TAX | 28349.43 |
| SECONDARY PROPERTY TAX | 3747.97 |
| TOTAL REVISED TAX DUE FOR 2001 | 32097.4 |

$\div 2 = \$16,048.70$

Please send payment to:

**BETH FORD
PIMA COUNTY TREASURER
Pima County Treasurer's Office
115 N. Church Avenue
Tucson, Arizona 85701-1199**

If you have any questions regarding this statement, please call (520) 740-8341. I apologize for any inconvenience due to the error contained in your original statement.

FOR DEPOSIT ONLY
TO THE CREDIT OF
BETH FORD
PIMA COUNTY TREASURER
PIMA COUNTY, ARIZONA
412-724156

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BANK OF AMERICA, N.A. TPE
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04/01/02

3550768153

1221017064

JO IMPROVEMENT COMPANY

D. DRAWER 9

D. AZ 85321-0009

2/01 056-80-1500 et al.

STOCKMENS
BANK
Ajo Branch 101 La Mina Avenue
Ajo, AZ 85321

1231

31 504/1221
32

DATE April 22, 2002

EXACTLY 32861.65

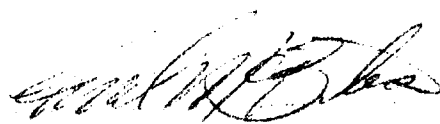
DOLLARS \$ 32,861.65

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TO
THE
ORDER
OF

Pima County Treasurer
115 North Church Avenue
Tucson, AZ 85701-1199

PAID UNDER PROTEST!



001231 1221050451 3201000613

0003286165

PIMA COUNTY TAX RECEIPT

FOR PAYMENT OF 2002 REAL ESTATE TAXES

STATE CODE NUMBER

900-41-5000

TOTAL TAX

\$34,330.10

DATE PAID

10/28/2002

| | |
|------------------------|-------------|
| 1ST HALF TAX PAID | \$17,165.05 |
| 1ST HALF INTEREST PAID | \$0.00 |
| 2ND HALF TAX PAID | \$0.00 |
| 2ND HALF INTEREST PAID | \$0.00 |
| NSF FEE PAID | \$0.00 |
| RECLAIMED REFUNDS PAID | \$0.00 |

| | |
|-------------------|-------------|
| TOTAL PAID | \$17,165.05 |
|-------------------|-------------|

| | |
|--------------------|-------------|
| BALANCE DUE | \$17,165.05 |
|--------------------|-------------|

LEGAL PROPERTY ADDRESS

TOTAL VALUE OF OPERATING PROPERTY

GROUP NO 004

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THANK YOU FOR YOUR PAYMENT

Beth Ford
Pima County Treasurer
PIMA COUNTY, ARIZONA

AJO IMPROVEMENT CO
 WATER UTILITY
 ATTN: J H ZAMAR/SECRETARY
 P O DRAWER 9
 AJO AZ 85321